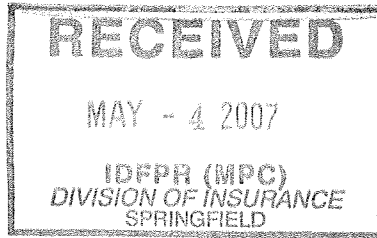




40 Wall Street - 9th Floor
New York, New York 10005



John Lockhart

Regulatory Filings Technician
P & C State Filing Unit
CNA Global Specialty Lines

Telephone 212-440-3270

Facsimile 212-440-2877

Toll Free 877-269-3277 x 3270

Internet john.lockhart@cna.com

May 1, 2007

Illinois Department of Financial & Professional Regulation
Division of Insurance
Property & Casualty Compliance Unit
320 W Washington St
Springfield IL 62767-0001

Supervisor, Property & Casualty Compliance Unit: John Gatlin

RE: American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560 ✓
MAGAW Healthcare Professionals Purchasing Group Association
Medical Malpractice
Rate Filing
Filing Number: 07-R2156

Honorable Supervisor Gatlin:

American Casualty Company of Reading, PA hereby submits the attached revised rate filing for use with our Nurse Anesthetists Professional Liability Program on file with your Department.

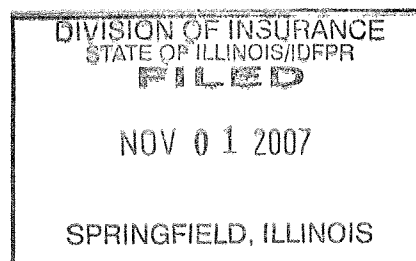
Attached for your review please find:

- The actuarial memorandum which outlines the changes proposed by this filing;
- new countrywide pages; and
- revised pages for this program which will replace the page currently on file with your office

These changes will become applicable to all policies written on or after November 1, 2007, or the earliest date permitted by your state.

Sincerely,

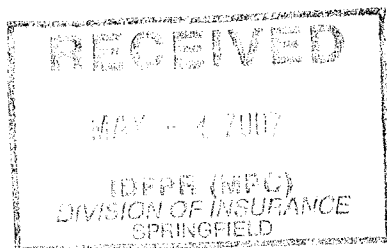
John Lockhart



+ 3%

1-0
MEM
RAT
gfn
geh

Form (RF-3)



SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 11/1/2007

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability		
Private Passenger		
Commercial		
2. Automobile Physical Damage		
Private Passenger		
Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>CRNA Prof. Liab.</u>	<u>812,682</u>	<u>+3.0%</u>
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify:
The change applies to all risks under the CRNA Professional Liability program.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization):
We are revising the base rates for our Certified Nurse Anesthetists Professional Liability Program.

Magaw Healthcare Professionals Purchasing Group Association

- * Adjusted to reflect all prior rate changes.
- ** Change in Company's premium level which will result from application of new rates.

American Casualty Company of
 Reading, PA
 Name of Company

J. Kleisner
 Snr. Vice Pres.
 Official - Title

filing # 07-R 2156

ILLINOIS CERTIFICATION FOR
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Sharon K. Robinson, a duly authorized officer of Continental Casualty Company, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

I, Sharon K. Robinson, FCAS, MAAA, a duly authorized actuary of The Casualty Actuarial Society, am authorized to certify on behalf of Continental Casualty Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

Sharon K Robinson VP Actuary - Pricing
Signature and Title of Authorized Insurance Company Officer

5-14-07
Date

Sharon K Robinson VP Actuary - Pricing
Signature and Title of Authorized Actuary

5-14-07
Date

Insurance Company FEIN 36 - 2114545

Filing Number 07-2156

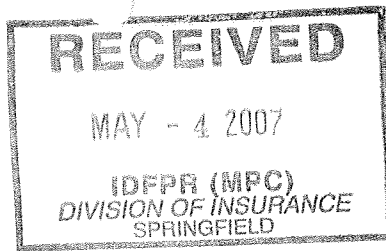
Insurer's Address 40 Wall Street - 9th Fl

City New York, State NY Zip Code 10005

Contact Person's:

- Name and E-mail John Lockhart john.lockhart@cna.com

- Direct Telephone and Fax Number 212-440-3270 Fax 212-440-2877



Form (RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 11/1/2007

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability		
Private Passenger		
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3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
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Does filing only apply to certain territory (territories) or certain classes? If so, specify:

The change applies to all risks under the CRNA Professional Liability program.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization):


We are revising the base rates for our Certified Nurse Anesthetists Professional Liability Program.

* Adjusted to reflect all prior rate changes.

** Change in Company's premium level which will result from application of new rates.

American Casualty Company of
Reading, PA

Name of Company


Snr. Vice Pres.
Official - Title

Neuman, Gayle

From: Lockhart, John C. [John.Lockhart@CNA.com]
Sent: Friday, May 18, 2007 7:50 AM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Ms Neuman:
I am faxing the certification to your attention at 217-524-2122
Thanks

John Lockhart

K

40 Wall Street, 9th Floor
New York, NY 10005-1401
877-269-3277 ext. 3270

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, May 10, 2007 10:41 AM
To: Lockhart, John C.
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Mr. Lockhart,

Again, thank you for your prompt attention. The certification can be submitted via mail, e-mail or fax. My fax number is 217-524-2122.

From: Lockhart, John C. [mailto:John.Lockhart@CNA.com]
Sent: Thursday, May 10, 2007 9:29 AM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156
Importance: High

Dear Ms. Neuman
CNA is an ISO reporting company and as such reports to ISO as required.
I take it that the certification needs to be mailed to you. I will do so. Thank you.

John Lockhart

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, May 10, 2007 9:55 AM
To: Lockhart, John C.
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

5/18/2007

Mr. Lockhart,

Thank you for your prompt attention.

215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. Please complete the attached certification form.

Indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt attention is appreciated.

From: Lockhart, John C. [mailto:John.Lockhart@CNA.com]
Sent: Wednesday, May 09, 2007 12:10 PM
To: Neuman, Gayle
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Dear Ms. Neuman:

Thank you for your e-mail dated May 9, 2007.

In response to your request we are submitting the following items:

- (1) Countrywide Company Pages with an edition date of (12/2005), which are already on file with your Department and
- (2) a marked copy of the Illinois Company State Pages which clearly show the items that are changing with this filing.

Thank you for your continued review of this filing.

Sincerely,

Lockhart

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

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5/18/2007

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FAX

Sent: Friday, May 18, 2007 8:50 AM
To: 'Neuman, Gayle' 217-524-2122
From: Lockhart, John C.

Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Ms Neuman:

I am faxing the certification to your attention at 217-524-2122
Thanks

John Lockhart

CNA

40 Wall Street, 9th Floor
New York, NY 10005-1401
877-269-3277 ext. 3270

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Importance: High

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Sent: Thursday, May 10, 2007 9:29 AM
To: Neuman, Gayle
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Importance: High

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John Lockhart

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Sent: Thursday, May 10, 2007 9:55 AM
To: Lockhart, John C.
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Indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

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From: Lockhart, John C. [mailto:John.Lockhart@CNA.com]
Sent: Wednesday, May 09, 2007 12:10 PM
To: Neuman, Gayle
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Dear Ms. Neuman:

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- (1) Countrywide Company Pages with an edition date of (12/2005), which are already on file with your Department and
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Thank you for your continued review of this filing.

5/10/2007

Sincerely,

Loebhart

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5/10/2007

Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, May 09, 2007 8:42 AM
To: 'John.Lockhart@CNA.com'
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156

Mr. Lockhart,

We require you provide a copy of the complete rate/rule manual section, including any changes made with this filing. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. We request a written statement indicating the only changes made to the filing were disclosed to this Division.

We request receipt of your response by May 16, 2007.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: Gayle.Neuman@illinois.gov

5/9/2007

Neuman, Gayle

From: Lockhart, John C. [John.Lockhart@CNA.com]
Sent: Wednesday, May 09, 2007 12:10 PM
To: Neuman, Gayle
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #07-R2156
Attachments: CRNA Company Pages 12-05.doc; IL State Pages - CRNA 03-07(c)-comparison.doc

Dear Ms. Neuman:

Thank you for your e-mail dated May 9, 2007.

In response to your request we are submitting the following items:

- (1) Countrywide Company Pages with an edition date of (12/2005), which are already on file with your Department and
- (2) a marked copy of the Illinois Company State Pages which clearly show the items that are changing with this filing.

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Sincerely,

Lockhart

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5/9/2007

COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

I. STATE ENDORSEMENTS

Form #	Title	Rule of Application
G-142858-A12	Cancellation and Non-renewal Endorsement - Illinois	- Mandatory on all policies
G-143937-A12	Extended Reporting Periods - Illinois	- Mandatory on all claims-made policies

II. AMENDED RULES

- A. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph C is deleted and replaced by the following:
- C. Should the named insured or the Company terminate coverage under this policy, and if the named insured desires Extended Reporting Period Coverage beyond the automatic 60 days, the named insured must advise the Company that it wants the additional Extended Reporting Period Coverage, along with payment of the applicable premium, within 60 days of the termination date.
- Once purchased, the period of time allowed by the policy for the reporting of claims to the Company shall be extended for an unlimited period.
- B. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph D is deleted and replaced by the following:
- D. The factor of 1.00 will be applied to the annual premium in effect at the beginning of the current policy period to determine the ERP charge.
- C. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph H is deleted and replaced by the following:
- H. Premium must be paid promptly when due. Once paid, the premium for the additional Extended Reporting Period Coverage is non-refundable and considered fully earned.
- D. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph J is deleted.

- E. Rule VIII, Premium Payment Plan is deleted and replaced with the following:

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Deleted: 3

Deleted: 09/2006

Deleted: 3

COMPANY STATE PAGE FOR
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

III. RATES

- A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1: \$3,852
Territory 2: \$3,393
Territory 3: \$3,211

Deleted: 740

Deleted: 294

Deleted: 117

- B. Territories are defined as follows:

Territory 1: The counties of Cook, Madison, and St. Clair
Territory 2: The counties of Du Page, McHenry, Kane, Lake, Will, Champaign, Jackson, Kankakee, LaSalle, Macon, Sangamon, Vermilion
Territory 3: Remainder of State

- C. The rate for an individual nurse anesthetist student is \$275.

Deleted: Second

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American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability
MAGAW Healthcare Professionals Purchasing Group Association

Actuarial Memorandum

Illinois

American Casualty Company of Reading, PA ("CNA") is proposing a base rate increase of 3% to its Nurse Anesthetist Professional Liability Program ("the Program") in Illinois. The overall impact of this proposed change is +3.0% even though the student rate remains unchanged.

CNA has limited historical experience in Illinois as the program has only been available since 8/1/2002. Therefore, the indicated overall rate level change was calculated based upon trend since the inception of the Program. Exhibit 1 shows the derivation of the indicated overall rate level change. Because there isn't sufficient program experience for this purpose, the annual trend factor has been based on the trend factor selected by Insurance Services Office for Physicians, Surgeons, and Dentists. We must consider the increasing trend of medical malpractice costs affecting our business in a competitive industry. Exhibit 2 provides a summary of CNA's historical expense experience as available in the Insurance Expense Exhibit for the Medical Malpractice line of business and also provides the projected expenses for this program. The budgeted profit provision has been calculated based on a 15% return on equity.

A revised state exception page(s) reflecting the proposed change described above are attached.

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability

Calculation of Indicated Change

Illinois

Due to the low credibility and immaturity of this program, the indicated rate level change has been calculated based on trend from the initial filing date of the program to an assumed effective date of 11/1/2007. Note that rate changes of 12.3% and 3.0% have been implemented on 7/15/2005 and 11/1/2006, respectively, since the initial filing of the rates for this program.

(1) Proposed Effective Date	11/1/2007
(2) Initial Filing Effective Date	8/1/2002
(3) Difference in Years = $((1) - (2)) / 365.25$	5.25
(4) Annual Premium Trend Factor	1.00
(5) Annual Loss and ALAE Trend Factor	1.05
(6) Annual Net Trend Factor $(5)/(4)$	1.05
(7) Impact of trend since program inception = $(6)^{(3)} - 1$	29.2%
(8) Rate changes implemented since inception = $1.123 \times 1.030 - 1$	15.7%
(9) Remaining indication = $(7) - (8)$	13.5%
(10) Proposed change	3.0%

Notes:

- (4) The annual premium trend factor is 1.00 as the exposure base is not inflation sensitive
- (5) The annual loss and ALAE trend factor is the Physicians, Surgeons, and Dentists annual trend factor from ISO PR-2006-BHPSD

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability

Development of Permissible Loss Ratio

	2003		2004		2005		3 Year	
	\$000	%	\$000	%	\$000	%	Average	Selected
(1) Written Premium	97,990		123,076		145,001			
(2) Earned Premium	92,476		114,178		134,969			
(3) Commission & Brokerage Fees	38,002	38.8%	45,561	37.0%	49,911	34.4%	36.7%	20.0%
(4) General and Other Acquisition Expense	5,847	6.3%	5,915	5.2%	3,400	2.5%	4.7%	2.8%
(5) Taxes, Licenses & Fees	2,709	2.8%	286	0.2%	178	0.1%	1.0%	2.6%
(6) DDR Provision								2.5%
(7) Profit & Contingencies								0.8%
(8) Total Expenses & Profit = (3)+(4)+(5)+(6)+(7)								28.7%
(9) Permissible Loss & LAE Ratio = 1.0 - (8)								71.3%

Source: American Casualty Company of Reading, PA Insurance Expense Exhibit, Part III, Line 11.0

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

I. APPLICATION OF MANUAL RULES

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

II. POLICY TERM

Policies may be written for a term of one year, and renewed annually thereafter.

III. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

IV. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

V. WHOLE DOLLAR RULE

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

VI. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

VII. RETURN PREMIUM

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

VIII. PREMIUM PAYMENT PLAN

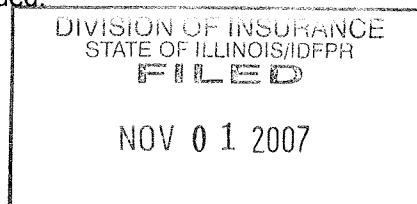
The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

IX. POLICY CANCELLATIONS

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

X. COVERAGE

The following describes coverage that will be provided:



COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

XI. BASIC LIMITS OF LIABILITY

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

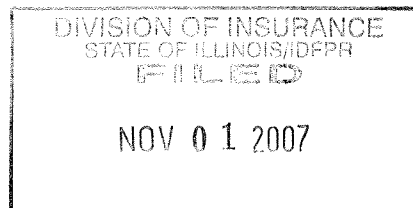
XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

XIV. CALCULATION OF CLAIMS-MADE PREMIUM

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.
- B. The claims made step factor for each nurse anesthetist shall be determined as follows:
 - 1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.



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2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
- determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
 - determine the number of years in which the nurse anesthetist was uninsured;
 - the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
 - the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

Step Rate Factors				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

- C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

XV. CALCULATION OF OCCURRENCE PREMIUM

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

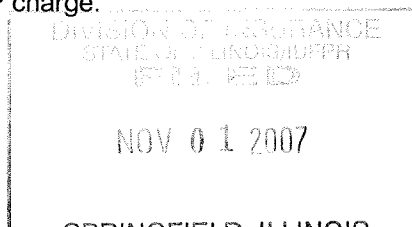
XVI. ISO CLASSIFICATION CODES

Medical Specialty: Certified Registered Nurse Anesthetist
Specialty Code: 80960

XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- The limits of liability may not exceed those afforded under the terminating policy.
- Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.
- Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.



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- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
1. retires; and
 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

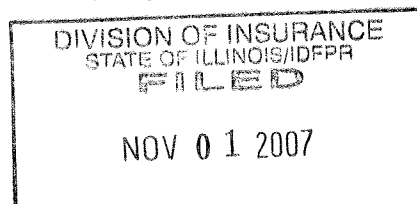
Consecutive Years of Coverage	Discount
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

XVIII. PRIOR ACTS COVERAGE (Occurrence only)

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.



- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
1. Enter the Table at the appropriate Prior Acts Period; and
 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

Prior Acts Period	1 st Year	2 nd Year	3 rd Year	Prepaid Factors
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

XIX. RATE MODIFICATIONS

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

A. Employed Coverage

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

B. Entity Coverage

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

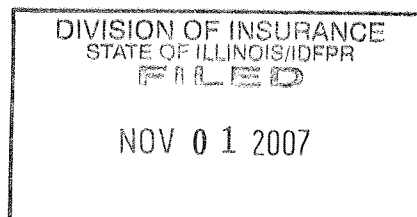
C. Locum Tenens

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability, for no additional premium charge.

D. Moonlighting

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:



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Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

E. Multiple State Practice

If a nurse anesthetist works in up to four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

When a nurse anesthetists works in five (5) or more states, or when countrywide coverage is requested by the nurse anesthetist that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.

F. New Graduate Discount

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit
Year2: 25% credit

The above credit does not apply if part time credit is also given.

G. Part Time

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

H. Leave of Absence

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified at a later date, the discount may be applied as of the date the Company receives notice. This credit will not apply to entities.

I. Slot Rating

An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

J. Schedule Rating

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%

Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice

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classification and/or specialty.

2. Exposure Modification 0 - 25% 0 - 25%

Applicable to those insureds who have an increased or reduced exposure.

3. Unusual Risk Characteristics 0 - 25% 0 - 25%

K. Vicarious Liability

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

L. Surcharges

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

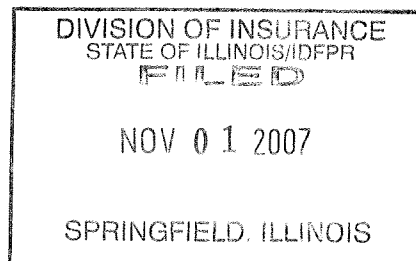
2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

2 Locations	5% surcharge	5 Locations	20% surcharge
3 Locations	10% surcharge	6 or more locations	25% surcharge
4 Locations	15% surcharge		

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.



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I. STATE ENDORSEMENTS

Form #	Title	Rule of Application
G-142858-A12	Cancellation and Non-renewal Endorsement - Illinois	- Mandatory on all policies
G-143937-A12	Extended Reporting Periods - Illinois	- Mandatory on all claims-made policies

II. AMENDED RULES

- A. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph C is deleted and replaced by the following:

- C. Should the named insured or the Company terminate coverage under this policy, and if the named insured desires Extended Reporting Period Coverage beyond the automatic 60 days, the named insured must advise the Company that it wants the additional Extended Reporting Period Coverage, along with payment of the applicable premium, within 60 days of the termination date.

Once purchased, the period of time allowed by the policy for the reporting of claims to the Company shall be extended for an unlimited period.

- B. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph D is deleted and replaced by the following:

- D. The factor of **1.00** will be applied to the annual premium in effect at the beginning of the current policy period to determine the ERP charge.

- C. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph H is deleted and replaced by the following:

- H. Premium must be paid promptly when due. Once paid, the premium for the additional Extended Reporting Period Coverage is non-refundable and considered fully earned.

- D. Rule XVII., Extended Reporting Period Coverage (Claims Made Only), paragraph J is deleted.

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
FILED

NOV 01 2007

SPRINGFIELD, ILLINOIS

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- E. Rule VIII, Premium Payment Plan is deleted and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

III. RATES

- A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1: \$3,852
Territory 2: \$3,393
Territory 3: \$3,211

- B. Territories are defined as follows:

Territory 1: The counties of Cook, Madison, and St. Clair
Territory 2: The counties of Du Page, McHenry, Kane, Lake, Will, Champaign, Jackson, Kankakee, LaSalle, Macon, Sangamon, Vermilion
Territory 3: Remainder of State

- C. The rate for an individual nurse anesthetist student is \$275.